

Message Text

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ACTION IO-13

INFO OCT-01 EUR-12 ISO-00 AF-08 ARA-06 EA-07 NEA-10

CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05

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TO SECSTATE WASHDC 9213

INFO USMISSION GENEVA

AMEMBASSY VIENNA

C O N F I D E N T I A L SECTION 1 OF 2 USUN 3778

E.O. 11652: GDS

TAGS: AORG, UN, AFIN

SUBJ: DEMARCHE TO SYG WALDHEIM ON UN PROGRAM BUDGET

REF: USUN 3488; USUN 3523 (NOTAL)

SUMMARY

GOVERNOR SCRANTON SAW SYG WALDHEIM SEPT 15 TO MAKE US DEMARCHE, COORDINATED WITH FOUR OTHER MAJOR WESTERN CONTRIBUTORS, ON CRITICAL NEED TO CURB UN BUDGET GROWTH. SCRANTON SAID WE EXPECT SYG WILL ACT MUCH MORE FORCEFULLY IN FUTURE TO REMOVE WASTE AND MISMANAGEMENT IN THE ORGANIZATION. WALDHEIM, WHILE SOMEWHAT TAKEN ABACK BY VIGOR AND SERIOUSNESS OF SCRANTON'S REMARKS, AGREED THERE WAS A PROBLEM BUT AS EXPECTED POINTED OUT EXTENT TO WHICH HIS HANDS ARE TIED BY PRESSURES FROM MEMBER STATES AND EXPANDED PROGRAMS WHICH THEY BRING INTO BEING. SCRANTON CONCEDED THAT USG WAS NOT GUILTLESS IN THIS RESPECT BUT THAT IT INTENDED TO USE UTMOST RESTRAINT IN PUSHING FOR EXPANDED UN ACTIVITIES. HE TOLD WALDHEIM OUR SUPPORT OF THE SYG'S 1978-79 BUDGET, INCLUDING OUR ABILITY TO

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PROVIDE FUNDS TO IMPLEMENT IT, WOULD DEPEND ON WAY IN WHICH

WALDHEIM EXERCISED MANAGEMENT RESPONSIBILITIES WHICH PRESENT SITUATION URGENTLY REQUIRES. END SUMMARY

1. GOVERNOR SCRANTON, ACCOMPAINED BY MISOFF, CALLED ON SYG WALDHEIM AFTERNOON OF SEPTEMBER 15 IN SECOND OF COORDINATED DEMARCHES BY FIVE MAJOR WESTERN CONTRIBUTORS TO SECRETARY GENERAL ON UN PROGRAM BUDGET. JAPANESE DEMARCHE WAS MADE SEPTEMBER 1 (REFTELS), WEST GERMANS, BRITISH, AND FRENCH HOPE TO MAKE THEIR APPROACHES SOON.

2. SCRANTON OPENED CONVERSATION BY SAYING THAT HE HAD HESITATED UNTIL MORE OPPORTUNE TIME TO RAISE SUBJECT PERSONALLY WITH SYG EVEN THOUGH HE HAD BEEN UNDER STRONG PRESSURE FROM HIS GOVERNMENT TO EXPRESS OUR SERIOUS CONCERN ABOUT THE INCREASING COSTS OF THE UNITED NATIONS AND A MANAGEMENT SITUATION WITHIN THE ORGANIZATION WHICH HAS DEVELOPED INTO AN ACUTE PROBLEM. THIS CONCERN OF BOTH THE EXECUTIVE AND LEGISLATIVE BRANCHES OF THE USG OVER THE SIZE OF THE UN PROGRAM BUDGET AND THE US CONTRIBUTION IS RELATED TO DEVELOPMENTS OF RECENT YEARS WHICH HAVE BROUGHT THE UN UNDER CLOSER SCRUTINY WITHIN THE US THAN EVER BEFORE, AND IS COUPLED WITH THE EFFECTS OF WORLDWIDE RECESSION AND INFLATION AND WITH THE UNCHECKED GROWTH OF THE UN PROGRAM BUDGET. ASSUMING THAT SYG WALEHDIM IS REELECTED FOR A NEW TERM -- OVER WHICH PROSPECT SCRANTON EXPRESSED PLEASURE -- WALDHEIM WOULD HAVE THE OPPORTUNITY PERSONALLY TO TAKE HOLD OF OR ARREST MANAGEMENT DETERIORATION WITHIN THE SECRETARIAT AND AT THE SAME TIME ESTABLISH AUSTERITY AS A WAY OF LIFE. SCRANTON SAID THAT THE US, AS A MAJOR CONTRIBUTOR TO THE UN, EXPECTS THE SECRETARY GENERAL TO TAKE MORE FULLY INTO ACCOUNT OUR VIEWS ON THE CONTENT AND SIZE OF HIS PROGRAM BUDGET FOR THE NEXT BIENNIUM (1978-79).

3. IN REPLY TO OPENING REMARKS BY SCRANTON, SYG SAID THAT THE PROBLEM OF SECRETARIAT MANAGEMENT AND UN EXPENDITURES WAS VERY MUCH ON HIS MIND AND HE RECOGNIZED THAT THE PRESENT STATE OF MANAGEMENT IN THE ORGANIZATION LEFT MUCH TO BE DESIRED. HE SAID THAT HIS EFFORT WAS DIRECTED TO HOLDING THE ORGANIZATION TOGETHER IN THE FACE OF POLITICAL

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PRESSURES FROM EVERY CORNER WHICH MADE THE UN DIFFICULT TO MANAGE.

4. SCRANTON SAID THAT THE CONCERN OF THE USG WAS ONE SHARED BY MOST OF THE OTHER MAJOR CONTRIBUTORS WHO COLLECTIVELY PAY MORE THAN 50 PERCENT OF THE UN COSTS. IN DIRECT AND FORCEFUL LANGUAGE, SCRANTON SAID THAT AFTER WALDHEIM WAS REELECTED THE OPPORTUNITY WOULD BE PRESENTED

FOR HIM TO MAKE A REAL IMPACT ON IMPROVED MANAGEMENT AND BETTER RESOURCE UTILIZATION AND IT WAS THE EXPECTATION OF THE USG THAT WALDHEIM WOULD NOT LET THIS OPPORTUNITY PASS AND WOULD MAKE AN EFFECTIVE EFFORT TO PUT THE UN HOUSE IN ORDER. WALDHEIM CAN AND MUST EXERCISE MORE INFLUENCE IN APPLYING AUSTERITY TO HIS NEXT BIENNIAL PROGRAM BUDGET, SINCE IN FACT HE AND HIS COLLEAGUES IN THE SECRETARIAT HAVE A LARGE AND UNTAPPED POWER TO SHAPE THE PROGRAM BUDGET PROPOSALS WHICH THE SYG SENDS TO THE GENERAL ASSEMBLY IN SUCH A WAY THAT THE WORK ENTRUSTED TO THE ORGANIZATION BY THE MEMBER STATES WILL BE DONE BOTH AT MUCH LESS COST AND MORE EFFECTIVELY. THE USG BELIEVES THAT FUNDS PROVIDED TO THE UN BY MEMBER STATES ARE NOT BEING UTILIZED IN A FULLY EFFECTIVE AND ECONOMICAL MANNER, IN LARGE PART RESULTING FROM THE ABSENCE OF FORCEFUL MANAGEMENT WITHIN THE SECRETARIAT. WHILE EXPRESSING CONFIDENCE IN THE TOP-LEVEL MANAGEMENT TEAM APPOINTED BY WALDHEIM -- AND IN PARTICULAR USYG GEORGE DAVIDSON -- SCRANTON EMPHASIZED THAT THIS TEAM MUST HAVE THE FULL AND UNQUALIFIED PERSONAL SUPPORT OF THE SECRETARY GENERAL IF IT IS TO BE ABLE TO PERFORM ITS TASKS. TO BE EFFECTIVE, THE SECRETARY GENERAL MUST, LIKE ANY RESPONSIBLE EXECUTIVE, PERSONALLY PARTICIPATE IN THE MANAGEMENT PROCESS IN ORDER TO PROVIDE OVERALL DIRECTION AND TO BE PERSONALLY ASSURED THAT THE ORGANIZATION WHICH HE HEADS IS RUNNING ON A FIRM COURSE IN ACCORDANCE WITH HIS DESIRES. THIS REQUIRES DISCIPLINE WITHIN THE ORGANIZATION WHICH CAN ONLY COME FROM AND BE ENFORCED BY THE HEAD OF THE ORGANIZATION. DUE TO THE FACT THAT THE UN EXPENSES ARE LARGELY TO MEET PERSONNEL COSTS, RESTRAINT IN PUTTING FORWARD REQUESTS FOR ADDITIONAL POSTS IS AN ABSOLUTE ESSENTIAL. UNFORTUNATELY, THE UN MORE OFTEN THAN NOT TAKES THE EASY ROUTE BY RESPONDING TO MANDATES FOR NEW AND/OR EXPANDED PROGRAMS BY ADDING NEW STAFF, CONFIDENTIAL

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WHICH IN TURN RESULTS IN INCREASING THE ORGANIZATION'S EXPENDITURES.

5. TO LATTER POINT, WALDHEIM RESPONDED THAT THERE ARE TOO MANY PROGRAMS COVERING TOO MANY AREAS, MANY OF WHICH ARE OF MARGINAL UTILITY. HOWEVER, THIS SITUATION WHICH IS GETTING WORSE AND WHICH IS HAVING A SERIOUS NEGATIVE IMPACT ON THE ORGANIZATION RESULTS FROM INDIVIDUAL MEMBER STATES OR GROUPS OF STATES PUSHING THEIR FAVORED PROPOSALS WHICH ULTIMATELY ARE ADOPTED BY THE GOVERNING BODIES, AND THE SECRETARY GENERAL IS THEN LEFT WITH THE TASK OF OBTAINING AND APPLYING THE RESOURCES TO CARRY OUT WHAT GOVERNMENTS HAVE PREVIOUSLY DECIDED. IN REPLY, SCRANTON SAID HE RECOGNIZED THIS SITUATION, AS WELL AS THE FACT THAT THE US OFTEN HAD PUSHED FOR NEW AND EXPANDED UN PROGRAMS

AND THUS HAS BEEN A PARTY TO CREATION OF THE PRESENT SITUATION.
RE COGNIZING THE DIFFICULTIES NOW FACING THE SECRETARY
GENERAL AND THE ORGANIZATION AND THE NEED TO APPLY
AUSTERITY, SCRANTON ASSURED THE SECRETARY GENERAL THAT
IN THE FUTURE THE UNITED STATES WOULD PROCEED WITH
UTMOST RESTRAINT IN SUPPORTING OR PUSHING FOR NEW AND/OR
EXPANDED UN ACTIVITIES, AS A DEMONSTRATION OF OUR RECOGNITION
OF THE PROBLEM AND THE SERIOUSNESS WHICH WE ATTACH TO
THE NEED FOR KEEPING UN EXPENDITURES DOWN.

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INFO OCT-01 EUR-12 ISO-00 AF-08 ARA-06 EA-07 NEA-10

CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05

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C O N F I D E N T I A L SECTION 2 OF 2 USUN 3778

6. SCRANTON SAID THAT RATHER THAN MEETING NEW REQUIREMENTS
THROUGH THE ADDITION OF MORE PEOPLE AND INCREASED BUDGET
LEVELS, THE SECRETARY GENERAL MUST INSIST ON A CONSTANT
REEVALUATION OF WHAT THE UN IS DOING
IN ORDER TO REDEPLOY PEOPLE AND OTHER RESOURCES FROM ONE
ACTIVITY TO ANOTHER ACCORDING TO THEIR RELATIVE PRIORITY.
IF NECESSARY, HE MUST ABOLISH THE LESS PRODUCTIVE ACTIVITIES
AND TERMINATE STAFF MEMBERS IF THERE IS NO OTHER
USE FOR THEM. SCRANTON EMPHASIZED THAT THE USG INTENDS IN
THE FUTURE TO SCRUTINIZE MORE CAREFULLY NOT ONLY THE PROPOSED
INCREASE IN THE UN PROGRAM BUDGET, BUT EQUALLY THE QTE
BASE UNQTE FROM WHICH SUCH INCREASES EVOLVE AND STRESSED
THAT THE SECRETARY GENERAL MUST INSTITUTE A SIMILAR

APPROACH. SCRANTON SAID HE EXPECTS WALDHEIM TO APPLY THIS APPROACH TO HIS NEXT BIENNIAL PROGRAM BUDGET WHICH WOULD BE PRESENTED TO THE GENERAL ASSEMBLY NEXT YEAR AND WHICH IS NOW IN THE EARLY STAGES OF FORMULATION. SUCH AN APPROACH CAN ONLY WORK IN ANY ORGANIZATION, SCRANTON CAUTIONED, IF IT HAS THE FULL SUPPORT AND ACTIVE INVOLVEMENT OF THE TOP MANAGER. UNLESS THE SECRETARY GENERAL IS WILLING AND ABLE TO TACKLE HIS MANAGEMENT AND BUDGETARY PROBLEMS HEAD-ON AND TO DEMONSTRATE REAL RESULTS, SCRANTON

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WARNED THAT THE SYG WOULD FIND HIMSELF IN DEEP TROUBLE NOT ONLY WITH THE UNITED STATES BUT WITH OTHER MAJOR CONTRIBUTORS AS WELL. IN ORDER TO DRIVE THIS POINT HOME, SCRANTON CONCLUDED BY SAYING THAT USG SUPPORT OF THE SECRETARY GENERAL'S 1978-79 PROGRAM BUDGET, INCLUDING OUR ABILITY TO PROVIDE FUNDS TO IMPLEMENT IT, WILL BE CONTINGENT UPON HIS WILLINGNESS AND ABILITY TO ACT ON THE CONCERNS EXPRESSED. IN THE SAME VEIN, SCRANTON EXPRESSED STRONG CONCERN OVER MEETINGS WHICH ARE OPEN TO MEMBERS OF ONLY CERTAIN REGIONS BEING FUNDED FROM THE UN REGULAR BUDGET, A SITUATION WHICH THE US COULD NOT ACCEPT AND TO WHICH IT WOULD TAKE THE STRONGEST EXCEPTION.

7. WALDHEIM RESPONDED THAT HE SHARED THE CONCERNS EXPRESSED BY SCRANTON, RECALLING HIS DECISION ON ASSUMING OFFICE IN 1972 TO APPLY A PERSONNEL FREEZE IN THE SECRETARIAT BUT WHICH, DUE TO POLITICAL PRESSURES AND INCREASED WORKLOAD, HE HAD RESCINDED. HOWEVER, HE WAS CONSIDERING REINSTITUTING SUCH A FREEZE AFTER THE FIRST OF THE YEAR. WALDHEIM ALSO EXPRESSED DISMAY OVER SECRETARIAT UNITS SUCH AS UNCTAD AND UNIDO WHICH, WITH THEIR HIGH DEGREE OF AUTONOMY AND THE SUPPORT OF THEIR RESPECTIVE GOVERNING BODIES WERE MAKING BUDGETARY AND RELATED DEMANDS TO WHICH WALDHEIM FELT THAT HE COULD NOT TAKE EXCEPTION FOR FEAR OF ALIENATING THE RESPECTIVE GOVERNING BODIES AND MEMBER STATES REPRESENTED THEREIN.

8. IN CONCLUSION, SCRANTON REEMPHASIZED SERIOUSNESS WITH WHICH USG VIEWED THIS MATTER AND OUR EXPECTATION THAT WALDHEIM, WHOM WE SUPPORTED FOR REELECTION AS SECRETARY GENERAL, WOULD RISE TO THE TASK AND PERSONALLY EXERCISE THE DEGREE OF LEADERSHIP WHICH WAS NECESSARY TO PUT THE UN'S BUDGET AND MANAGEMENT IN ORDER. HE UNDERScoreD THAT A TIME COMES TO ANY ORGANIZATION WHEN IT MUST TAKE STOCK OF WHAT IT IS DOING AND PRUNE ITSELF OF ITS BUREAUCRATIC EXCESSES IN ORDER THAT IT WILL BE ABLE TO MEET THE CHALLENGE OF THE FUTURE; SUCH A TIME HAS COME TO THE UNITED NATIONS, AND IN FACT A PRUNING IS LONG OVERDUE. THE SECRETARY GENERAL MUST UNRELENTINGLY DEVOTE HIS

EFFORTS TO THIS TASK, HOWEVER UNPLEASANT IT MIGHT BE. THE
US, FOR ONE, WOULD ACCEPT NOTHING LESS FROM
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THE SECRETARY GENERAL.

9. COMMENT: ONLY TIME WILL TELL THE EFFECT OF OUR DEMARCHE
TO WALDHEIM WHICH WE MUST FOLLOW UP ON EVERY
APPROPRIATE OCCASION, WITH THE REINFORCEMENT OF OTHER
MAJOR CONTRIBUTORS. THE FORCEFULNESS AND DIRECTNESS OF
THE PRESENTATION APPEARED TO CATCH THE SECRETARY GENERAL
BY SURPRISE AND HE WAS OFTEN UNCHARACTERISTICALLY
AT A LOSS FOR WORDS.
SCRANTON

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